

HEA 1001 - 2004

HEA 1001 (Crawford, Espich, Frenz, Turner, Borst, **Simpson**) passed the General Assembly in a truly unorthodox manner (see following section on SEA 1 for background). The bill passed the House of Representatives 51-48 during the so-called “mini-session” last December containing temporary increases in the “standard” or “homestead” property tax deduction and new tax breaks for farmsteads and older homes. It also contained many of the provisions that would eventually be included in SEA 1, but the restrictions on local tax levies were even more severe than in the Senate plan.

After arrival in the Senate, it was quickly stripped in the Finance Committee. The main amendment deleted the House’s language and made HB 1001 essentially the same as SB 1, except for certain relatively technical improvements. On second reading, three amendments were offered unsuccessfully by Senate Democrats:

- Amendment #4 (Mrvan): This motion would have modified the bill’s changes to the petition/remonstrance procedure. Seventeen of eighteen Democrats supported this amendment, but it was defeated (RC 14: 17-32).
- Amendment #8 (Rogers): This motion would have allowed taxpayers in Lake County additional time to appeal their assessments, but it was defeated on a party-line vote (RC 15: 18-31).
- Amendment #6 (Mrvan): This amendment was similar to #4, but the vote was purely along party lines (RC 16: 18-31).

The following day, December 5th, 2003, the bill passed the Senate by a vote of 37-13 with Republican Senators David Ford and John Waterman joining eleven Democrats in opposing the measure (RC 18). As expected, the House then dissented with the changes. However, when SB 1 passed the House unamended (much to the surprise of most observers), conferees were appointed to HB 1001 and the bill remained there throughout the entire 2004 session.

Despite a few brief conference committee meetings and an aborted attempt to revive HB 1001 as a “Christmas tree” bill at the eleventh hour, the bill languished in conference committee with little action. During the waning moments of March 4th, the final day of the session, the House of Representatives reconsidered and concurred unanimously with the Senate amendments. While the bill was extremely similar to SEA 1, which had already been signed into law by Governor Kernan, a few significant changes made the new laws more feasible to implement. These changes are highlighted below:

Provisions in HEA 1001 not in SEA 1

DLGF Takeover of Assessment: Notice of the Department of Local Government Finance (DLGF) actions must be published in a newspaper of general circulation that is published in the county.

Emergency Rules: HEA 1001 also allows an unlimited number of extension periods for emergency rules adopted by DLGF and the Indiana Board of Tax Review (IBTR) to administer state-conducted assessments.

Homeowner's Income Tax Deduction For Property Taxes Paid: HEA 1001 ensures that the deduction a taxpayer may claim in 2004 for these deferred property taxes may not exceed \$2,500 minus the deduction claimed in tax year 2003 for 2002-Pay-2003 property taxes that were paid in 2003 (and not deferred to 2004). In addition, the taxpayer would still be able to claim in tax year 2004 up to a \$2,500 homeowner's property tax deduction for 2003-Pay-2004 property taxes.

Certified Assessed Value: Under current law, all excessive levy appeals must be filed by September 19th. HEA 1001 allows taxing units to file appeals for excessive levies due to shortfalls by December 30th each year.

Deduction/Credit Filing Extension: HEA 1001 clarifies that the taxpayer may receive the Homestead Credit and standard / homestead, mortgage, aged, blind / disabled, and veteran's property tax deductions if the application was filed before or on December 15th, 2003.